



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing
Administration
Region IX

Refer to: MCD-RHR

75 Hawthorne St.
Suite 401
San Francisco, CA 94105

MAR 14 2001

Phyllis Biedess, Director
Arizona Health Care Cost Containment System
801 E. Jefferson
Phoenix, AZ 85034

Dear Ms. Biedess:

Enclosed is an approved copy of Arizona State plan amendment #00-009, regarding direct Medicaid reimbursement to participating Local Education Agencies. I am approving this SPA with the requested effective date of July 1, 2000.

If you have any questions, please have your staff contact Ronald Reepen at (415) 74-3601.

Sincerely,

Linda Minamoto
Associate Regional Administrator
Division of Medicaid

Enclosures

cc: Linda Tavener, HCFA, CMSO, FCHPG (with enclosures)
Joan Peterson, HCFA, CMSO, FCHPG (with enclosures)
Elliot Weisman, HCFA, CMSO, PCPG (with enclosures)

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cc: Phyllis Branch
file
orig to Lynn D.

State Plan Under Title XIX of the Social Security Act
State: ARIZONA

All covered services shall be authorized by an appropriate entity or entities except in the case of emergency hospital services and emergency transportation. As provided in AHCCCS' policies and procedures, authorization for medical services shall be obtained from at least one of the following entities: a primary care provider (a licensed physician, physician assistant or certified nurse practitioner) or a physician specialist or dentist, a health plan, a program contractor, a Regional Behavioral Health Authority, an ALTCS case manager affiliated with a program contractor, or the AHCCCS Administration. The appropriate entity shall only authorize medically necessary services subject to the limitations specified below and in compliance with applicable federal and state law and regulations and AHCCCS policies and procedures or other applicable guidelines.

1. Inpatient hospital services other than those provided in an institution for mental diseases.

Inpatient hospital services furnished by a licensed and certified hospital.

Inpatient hospital services include services in inpatient psychiatric facilities, when provided to EPSDT eligible persons under the age of 21 years.

Inpatient hospital services for medically necessary abortions only when the pregnancy is the result of an act of rape or incest; or in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed.

Medically necessary transplant services, as specified in AHCCCS rule and policy and Attachment 3.1-E of the State Plan.

2a. Outpatient hospital services.

Outpatient hospital services are services ordinarily provided in hospitals, clinics, offices and other health care facilities by licensed health care providers.

Outpatient hospital services for medically necessary abortions only when the pregnancy is the result of an act of rape or incest; or in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed.

3. Other laboratory and x-ray services.

Laboratory, x-ray, and medical imaging services. All laboratory providers must obtain appropriate CLIA certification based on the complexity of testing performed. Providers with a CLIA Certificate of Waiver are limited in procedures which can be performed.

4a. Nursing facility services (other than services in an institution for mental diseases) for individuals 21 years of age or older.

Nursing facility services for individuals 21 years of age or older when they are provided in a facility that is licensed and certified as a nursing facility.

Nursing facility services are provided under acute care and the ALTCS Transitional program for up to 90 days per contract year when hospitalization would be necessary if nursing facility services are not provided.

There is no limit on nursing facility services under the regular ALTCS program approved through the 1115 waiver authority.

See section 24d for limitations on nursing facility services for individuals under 21 years of age.

4.b. Early and periodic screening, diagnostic and treatment services for individuals under 21 years of age, and treatment of conditions found.

Early and periodic screening, diagnostic, and treatment (EPSDT) services furnished to individuals under 21 years of age to detect and correct or ameliorate defects and physical and mental illnesses and conditions identified through EPSDT services. Section 1905(a) services not otherwise covered under the State Plan but which are available to EPSDT recipients are:

- i. Chiropractors' services to correct or ameliorate defects, physical illnesses and conditions when provided by a licensed chiropractor.
- ii. Case-management to coordinate services necessary to correct or ameliorate defects and physical illnesses and conditions and behavioral health problems and conditions.
- iii. Personal care services to assist in performing daily living tasks for members with physical illnesses and conditions and/or behavioral health problems and conditions.
- iv. Hospice services when provided to a member who is certified by a primary care physician as being terminally ill. Hospice services must be ordered by the member's primary care provider and delivered by a licensed and certified hospice provider.

- v. Medically necessary transplant services, as specified in AHCCCS rule and policy and Attachment 3.1-E of the State Plan if provided to correct or ameliorate defects, physical illnesses and conditions.
- vi. Routine, preventive, therapeutic and emergency dental services.
- vii. Eye exams and prescriptive lenses.
- viii. Outpatient occupational and speech therapy. The duration, scope and frequency of each therapeutic modality shall be authorized as part of a treatment plan.
- ix. The AHCCCS Administration, in accordance with the signed Intergovernmental Agreement between AHCCCS and the Arizona Department of Education, shall provide direct Medicaid reimbursement for certain Medicaid services provided by a participating Local Education Agency (LEA). A LEA is a public school district, a charter school not sponsored by a school district and the Arizona School for the Deaf and Blind. Beginning in January 2001, AHCCCS will reimburse LEAs on a fee-for-service basis for a defined set of Medicaid covered services with dates of service on or after July 1, 2000. The medically necessary Medicaid services must be provided by a qualified school-based provider to students who are Title XIX eligible and eligible for school health and school-based services pursuant to the Individuals with Disabilities Education Act (IDEA), Part B. AHCCCS health plans and ALTCS program contractors will continue to provide medically necessary services to all Title XIX members enrolled with AHCCCS and a health plan or program contractor.

Reimbursable Services

Medicaid covered services will only be reimbursable for persons who are at least three years of age and less than 21 years of age and who have been determined eligible for Title XIX and IDEA, Part B services. The following Medicaid services will be eligible for reimbursement:

Assessment, Diagnosis and Evaluation services. Assessment, diagnosis and evaluation services, including testing, are services used to determine IDEA eligibility or to obtain information on the individual for purposes of identifying or modifying the health related services on the IEP. These services are covered in accordance with the requirements in 42 CFR § 440.130. These services are not covered if they are performed for educational purposes (e.g. academic testing or are provided to an individual who as the result of the assessment and evaluation is determined not to be eligible under IDEA). Services must be performed by qualified and registered AHCCCS providers as set forth in this State plan amendment and who provide these

services as part of their respective area of practice (e.g., psychologists providing a behavioral health evaluation).

Outpatient Speech, Occupational and Physical Therapy Services. Outpatient speech, occupational and physical therapy services include individual and group therapy (e.g., neuromuscular re-education, wheel chair management, aural rehabilitation). These services are covered in accordance with the requirements in 42 CFR § 440.110. Providers of therapy services must be registered with AHCCCS and be state-licensed occupational therapists, physical therapist or speech-language pathologists. In addition, persons who have a Provisional Speech and Language Impaired Certificate must be supervised by an American Speech and Language Hearing Association-certified pathologist.

Nursing Services. Nursing services include direct nursing care services as identified in the IEP such as catheterization, suctioning and medication management, individual student health training and counseling, and training and oversight of school-based attendants. These services are covered in accordance with the requirements in 42 CFR § 440.130. School nursing personnel must follow the guidelines for care produced by the Rehabilitation Act of 1973, Section 504. Providers of nursing services must be registered with AHCCCS and be state-licensed as a registered nurse or a licensed practical nurse.

Transportation Services. Transportation services will be provided in compliance with HCFA policy and will be paid for when an eligible member's need for special transportation is specified in the IEP. These services are covered in accordance with the requirements in 42 CFR § 441.62. These services will only be reimbursed on the same day in which the member obtains another Medicaid covered reimbursable service through the LEA. Transportation services are not covered if the eligible member is transported on a school bus with other non-IDEA eligible students who are attending school. The LEA must be registered with AHCCCS as a transportation provider and must meet the same provider qualifications as all AHCCCS Medicaid transportation providers (e.g., proof of insurance and licensure of school bus drivers).

Behavioral Health Services. Behavioral health services include individual/group therapy, counseling and training, behavioral management, psychosocial rehabilitation and emergency and crisis stabilization. These services are covered in accordance with the requirements in 42 CFR § 440.130. Behavioral health providers must be registered with AHCCCS and be AHCCCS recognized independent practitioners, i.e., state licensed psychiatrists, state licensed Ph.D. psychologists and Arizona Board of Behavioral Health Examiners certified marriage and family therapists, professional counselors and independent social workers. In addition, school-based school psychologists or school-based guidance counselors who are certified by the Arizona

Department of Education will also be allowed to provide behavioral health services in the public school system.

Personal Care Services. Personal care services include assistance to eligible members in meeting essential personal physical needs, e.g., skin care, oral hygiene, toileting, ambulation, use of assistive device, feeding, training in activities of daily living. These services are covered in accordance with the requirements in 42 CFR § 440.167. Providers of personal care services will be the same providers as those described under nursing services, e.g., state-licensed registered nurses or licensed practical nurses or LEA certified school-based health attendants. In addition, school-based health attendants, who are specially trained and certified by the LEA in general care, such as first aid and CPR and the specific needs of the students they assist, will be allowed to provide certain delegated tasks under the supervision of the licensed nurses.

4.c. Family planning services and supplies for individuals of child-bearing age.

Family planning services include:

- i. contraceptive counseling, medication, supplies and associated medical and laboratory exams;
- ii. sterilizations; and,
- iii. natural family planning education or referral.

Family planning services do not include abortion or abortion counseling.

5 b. Medical and surgical services furnished by a dentist (in accordance with section 1905(a)(5)(B) of the Act).

Dental care and extractions for persons 21 years or older when provided by a licensed dentist are limited to:

- i. The relief or treatment of the sudden onset of an emergency dental condition.
- ii. Pre-transplantation dental evaluation and treatment for oral infections.
- iii. Medically necessary dentures.

See section 10 for limitations on dental services

6. **Medical care and any other types of remedial care recognized under State law, furnished by licensed practitioners within the scope of their practice as defined by State law.**

6a. **Podiatrists' services.**

Podiatry services when provided by a licensed podiatrist.

In order for a member to receive routine foot care, the member must be receiving medical treatment from a primary care provider for a systemic disease which is of such severity that performance of foot care services by a non-professional would be hazardous to the member.

6b. **Optometrists' services.**

Optometrists' services when they are provided by a licensed optometrist. See section 12d for limitations on eyeglasses and contact lenses.

6d. **Other practitioners' services.**

Other practitioners' services provided by:

- i. Respiratory Therapists
- ii. Certified Nurse Practitioners
- iii. Certified Registered Nurse Anesthetists
- iv. Non-physician First Surgical Assistants
- v. Physician Assistants
- vi. Licensed midwives within the limitations provided in the AHCCCS policy and procedures
- vii. Nonphysician behavioral health professionals, as defined in rule, when the services are provided by social workers, physician assistants, psychologists, counselors, registered nurses, certified psychiatric nurse practitioners, behavioral health technicians and other approved therapists who meet all applicable state standards. Except for behavioral health services provided by psychologists, certified psychiatric nurse practitioners and physician's assistants supervised by AHCCCS registered psychiatrists, all nonphysician behavioral health professional services shall be provided by professionals affiliated with an approved behavioral health setting in accordance with AHCCCS policies and procedures.

7. Home health services.

7a. Intermittent or part-time nursing services provided by a licensed and/or certified home health agency, or by a registered nurse when no home health agency exists in the area.

Intermittent or part-time nursing services provided by a licensed and/or certified home health agency, or by a registered nurse when no home health agency exists in the area, when the services are necessary to prevent re-hospitalization or institutionalization.

7b. Home health aide services provided by a home health agency.

Home health aide services when provided on an intermittent basis by a licensed and/or certified home health agency.

7d. Physical therapy, occupational therapy, or speech pathology and audiology services provided by a home health agency or medical rehabilitation facility.

Therapy services provided to an individual who is 21 years of age or older when a rehabilitation plan demonstrating rehabilitation potential is documented. The duration, scope, and frequency of each therapeutic modality shall be authorized by the appropriate entity as part of a rehabilitation plan.

8. Private duty nursing services.

Private duty nursing services when they are provided in a setting approved by the AHCCCS Administration.

9. Clinic services.

Medical services provided in an ambulatory clinic including physician services, dental services, dialysis, laboratory, x-ray and imaging services, health assessment services, immunizations, medications and medical supplies, therapies, family planning services and EPSDT services.

Behavioral health services provided in a clinic include individual, group and/or family counseling/therapy, psychotropic medications, psychotropic medication adjustment and monitoring, emergency/crisis services, behavior management, psychosocial rehabilitation, screening, evaluation and diagnosis, case management services, laboratory and radiology services. The duration, scope and frequency of each therapeutic modality shall be part of a treatment plan.

Screening services are limited to no more than one service during each six-month period of continuous behavioral health enrollment.

10. Dental services.

Routine, preventive, therapeutic and emergency dental services under EPSDT services. See section 5b for limitations on medical and surgical services furnished by a dentist.

Dental services for adults are limited to emergency dental care and extractions, pre-transplant evaluation and treatment for oral infections and medically necessary dentures. See section 12b for limitations on dentures.

11. Physical therapy and related services.

Therapies and related services for persons 21 years of age and older when a rehabilitation plan demonstrating rehabilitation potential is documented. The duration, scope and frequency of each therapeutic modality must be prescribed by the rehabilitation plan.

Therapies and related services for persons under the age of 21 are covered whether or not there is a demonstrated potential for rehabilitation.

11b. Occupational therapy.

Outpatient occupational therapy is not covered for persons 21 years of age or older unless the person is enrolled in ALTCS.

11c. Services for individuals with speech, hearing, and language disorders (provided by or under the supervision of a speech pathologist or audiologist).

Outpatient speech therapy is not covered for persons 21 years of age or older unless the person is enrolled in ALTCS.

12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist.

12a. Prescribed drugs.

Prescription drugs for covered transplantation services shall be provided in accordance with AHCCCS transplantation policies.

Over-the-counter or non-prescription medications are not covered unless an appropriate, alternative over-the-counter medication is available and less costly than a prescription medication.

12b. Dentures.

Medically necessary dentures when authorized in consultation with a provider dentist.

12c. Prosthetic devices.

Orthotic and prosthetic devices which are essential to the rehabilitation of the member.

Covered prosthetic devices do not include hearing aids for persons 21 years of age or older or penile implants or vacuum devices.

12d. Eyeglasses.

Eye examinations for prescriptive lenses and the provision of prescriptive lenses under EPSDT services.

Adult services are limited to eyeglasses and contact lenses as the sole prosthetic device after a cataract extraction.

13. Other diagnostic, screening, preventive, and rehabilitative services, i.e., other than those provided elsewhere in the plan.

13b. Screening services.

Age and sex appropriate clinical screening tests.

13c. Preventive services.

Preventive services, including health education and immunizations.

13d. Rehabilitative services.

Rehabilitation services include physical therapy, occupational therapy, speech and hearing services provided by licensed professionals in order to reduce physical disability and/or restore functional level. Services shall be provided on an inpatient or outpatient basis within the limitations outlined under section 11.

Rehabilitative services provided by a behavioral health and/or substance abuse rehabilitation agency.

15b. Including such services in a public institution (or distinct part thereof) for the mentally retarded or persons with related conditions.

The public institution shall meet all federally approved standards and only include the Arizona Training Program facilities, a state-owned or operated service center, a state-owned or operated community residential setting, or an existing licensed facility operated by this state or under contract with the Department of Economic Security on or before July 1, 1988.

17. Nurse-midwife services.

Certified nurse-midwife services when provided by a certified nurse-midwife in collaboration with a licensed physician.

19. Case management services and Tuberculosis related services

19a. Case management services as defined in, and to the group specified in, Supplement 1 to ATTACHMENT 3.1-A (in accordance with section 1905(a)(19) or section 1915(g) of the Act).

Targeted case management services as defined in Supplement 1 to Attachment 3.1-A.

20. Extended services for pregnant women.

Extended services to pregnant women include all covered services if they are determined to be medically necessary and related to the pregnancy.

20a. Pregnancy-related and postpartum services for a 60-day period after the pregnancy ends and any remaining days in the month in which the 60th day falls.

Prenatal care shall not be provided to women eligible for the Federal Emergency Services Program

24. Any other medical care and any other type of remedial care recognized under State law, specified by the Secretary.

24a. Transportation.

Emergency ambulance transportation for emergency medical situations, and non-emergency transportation for non-emergency medical situations.

Emergency ambulance transportation does not require prior authorization from an appropriate entity.

24d Nursing facility services for patients under 21 years of age.

Nursing facility services for individuals under 21 years of age when the services are provided in a facility that is licensed and certified as a nursing facility. See section 4a for limitations on nursing facility services for individuals 21 years of age or older.

Nursing facility services are provided under acute care and the ALTCS transitional program for up to 90 days per contract year when hospitalization would be necessary if nursing facility services are not provided.

There is no limit on nursing facility services under ALTCS that are approved through the 1115 waiver authority.

24e. Emergency hospital services.

Emergency hospital services do not require prior authorization from an appropriate entity. However, the provider must notify the member's contractor within 12 hours of the member presenting for the services.

If the medical condition is non-emergent, either the AHCCCS Administration or the member's health plan or program contractor shall be notified prior to treatment. Neither AHCCCS or any AHCCCS provider shall be responsible for the costs of hospitalization and medical care delivered by a hospital which does not have a contract to provide care after the eligible person has been determined to be transferable, and/or an attempt is made by AHCCCS or the provider to transfer the person and the person receiving care has refused to consent to the transfer.

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

**DIRECT MEDICAID REIMBURSEMENT FOR CERTAIN MEDICAID SERVICES
PROVIDED BY A PARTICIPATING LOCAL EDUCATION AGENCY (LEA)**

The following describes the reimbursement methodology for services provided pursuant to Attachment 3.1.A, 4.b.ix., Limitations under EPSDT services.

All reimbursable services must meet the service definitions as described in the provider registration criteria and based on the definition and scope contained in the AHCCCS Medical Policy Manual (AMPM) and the AHCCCS Fee-For Service Provider Manual. These services must be:

- Identified in an Individualized Education Plan (IEP) as a necessary service or provided as part of an assessment, diagnostic or evaluation service in order to determine a student's eligibility under IDEA, Part B. If the person is not eligible for IDEA, Part B, the assessment, diagnostic or evaluation service will not be eligible for direct reimbursement.
- Provided by a provider who is employed or under contract with the LEA. The provider must meet all applicable federal and state licensure and certification requirements and have a valid AHCCCS Provider Registration Number at the time the claim is submitted.
- Provided on school grounds unless the IEP specifies that an eligible student should be educated in an alternative setting and/or the IEP service can not appropriately be provided at the school.
- Ordered or prescribed by a qualified provider in accordance with the AHCCCS AMPM.
- Considered medically necessary as defined in the AMPM, notated in the IEP as medically necessary and supported with medical records that can be audited to establish medical necessity.

A LEA who requests reimbursement for approved Medicaid services must be registered with AHCCCS as a group billing entity and enter into a participation agreement with the Third Party Administrator under contract with AHCCCS. As an AHCCCS registered provider, the LEA is required to comply with all applicable federal and state laws and regulations.

Fee-For-Service Reimbursement Methodology

A LEA will be reimbursed an amount equal to the appropriate FMAP multiplied by the rate contained in the AHCCCS' fee-for-service schedule for covered Medicaid services or, the amount billed by the provider to a LEA, whichever is less. The administrative cost associated with operating the direct payment program will be deducted from the reimbursement to a LEA. AHCCCS shall process claims based on eligibility for Medicaid and whether the claim is for an approved service on the date of service. If HCFA or AHCCCS disallow a claim that previously has been reimbursed, the amount in dispute shall be withheld from a future payment to the LEA.

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

Each participating LEA is responsible for providing the non-federal Title XIX match monies as a condition of participation and will certify the availability and expenditure of the required match monies for all billed Medicaid services.

Audit Functions

The Third Party Administrator, with AHCCCS approval, shall establish an annual compliance audit review program to ensure that LEAs are appropriately billing for medically necessary Medicaid services for Medicaid eligible students.